

**PROPOSED REGULATION OF THE  
COMMISSIONER OF INSURANCE**

**LCB File No. R094-14**

**NOTICE OF WORKSHOP TO SOLICIT COMMENTS ON  
PROPOSED REGULATIONS**

The State of Nevada, Department of Business and Industry, Division of Insurance (“Division”), is proposing the adoption, amendment or repeal of regulations pertaining to chapter 693A of the Nevada Administrative Code (“NAC”). A workshop has been set for **9:00 a.m. on October 8, 2015**, at the following location:

**Nevada Division of Insurance  
1818 E. College Parkway, Suite 103  
Carson City, Nevada 89706**

Interested persons may also participate through a simultaneous videoconference conducted at:

**Nevada Division of Insurance  
Bradley Building  
2501 E. Sahara Avenue, 2<sup>nd</sup> Floor Conference Room  
Las Vegas, Nevada 89104**

The purpose of the workshop is to solicit comments from interested persons on the following general topic(s) that may be addressed in the proposed regulation; and to assist in determining whether the proposed regulation is likely to impose a direct and significant burden upon a small business or directly restricts the formation, operation or expansion of a small business. Please submit any written comments no later than **October 1, 2015**.

**LCB File No. R094-14. Producer Controlled Insurers.**

A regulation relating to insurance; revising provisions relating to insurers which are controlled by a producer; and providing other matters properly relating thereto.

A copy of all materials relating to the proposal(s) may be obtained at the workshop or by visiting the Division’s Internet Web site at <http://doi.nv.gov/> or by contacting the Division, 1818 E. College Parkway, Suite 103, Carson City, Nevada 89706, (775) 687-0700. A reasonable fee for copying may be charged. Members of the public who would like additional information about the proposed regulation may contact Omar Akel, Chief Insurance Examiner, at (775) 687-0743, or via e-mail to [oakel@doi.nv.gov](mailto:oakel@doi.nv.gov).

Notice of the workshop was provided via electronic means to all persons on the agency’s e-mail list for noticing of administrative regulations. This *Notice of Workshop to Solicit*

*Comments on Proposed Regulations* was posted to the agency's Internet Web site at <http://doi.nv.gov/>, the Nevada Legislature's Internet Web site at <http://www.leg.state.nv.us>, and at the following locations:

Department of Business and Industry  
Division of Insurance  
1818 East College Parkway, Suite 103  
Carson City, Nevada 89706

Department of Business and Industry  
Division of Insurance  
2501 East Sahara Avenue, Suite 302  
Las Vegas, Nevada 89104

Legislative Building  
401 South Carson Street  
Carson City, Nevada 89701

Grant Sawyer Building  
555 East Washington Avenue  
Las Vegas, Nevada 89101

Blasdel Building  
209 East Musser Street  
Carson City, Nevada 89701

Capitol Building Main Floor  
101 North Carson Street  
Carson City, Nevada 89701

Nevada Department of Employment,  
Training and Rehabilitation  
2800 E. Saint Louis Ave.  
Las Vegas, NV 89104

Nevada State Library & Archives  
100 North Stewart Street  
Carson City, Nevada 89701

Carson City Library  
900 North Roop Street  
Carson City, Nevada 89701

Churchill County Library  
553 South Main Street  
Fallon, Nevada 89406

Clark County District Library  
833 Las Vegas Boulevard North  
Las Vegas, Nevada 89101

Douglas County Library  
P.O. Box 337  
Minden, Nevada 89423

Elko County Library  
720 Court Street  
Elko, Nevada 89801

Esmeralda County Library  
P.O. Box 430  
Goldfield, Nevada 89013

Eureka Branch Library  
P.O. Box 293  
Eureka, Nevada 89316

Humboldt County Library  
85 East 5th Street  
Winnemucca, Nevada 89445

Lander County Library  
P.O. Box 141  
Battle Mountain, Nevada 89820

Lincoln County Library  
P.O. Box 330  
Pioche, Nevada 89043-0330

Lyon County Library  
20 Nevin Way  
Yerington, Nevada 89447

Mineral County Public Library  
P.O. Box 1390  
Hawthorne, Nevada 89415



## NOTICE OF INTENT TO ACT UPON REGULATION

### Notice of Hearing for the Adoption, Amendment or Repeal of Regulations of The Department of Business and Industry, Division of Insurance

The State of Nevada Department of Business and Industry, Division of Insurance (“Division”), (775) 687-0700, will hold a public hearing at **10:30 a.m. on October 20, 2015**, at the Division’s office located at 1818 East College Parkway, 1<sup>st</sup> floor hearing room, Carson City, Nevada 89706. Interested persons may also participate through a simultaneous videoconference conducted at the Bradley Building, 2501 East Sahara Avenue, 2<sup>nd</sup> floor conference room, Las Vegas, Nevada 89104. The purpose of the hearing is to receive comments from all interested persons regarding the adoption, amendment or repeal of regulations that pertain to **chapters 693A** of the Nevada Administrative Code (“NAC”).

The following information is provided pursuant to the requirements of Nevada Revised Statute (“NRS”) 233B.0603 and the directives of the Governor:

#### **LCB File No. R094-14. Producer Controlled Insurers.**

A regulation relating to insurance; revising provisions relating to insurers which are controlled by a producer; and providing other matters properly relating thereto.

#### **Statement of Purpose for LCB File No. R094-14. Producer Controlled Insurers.**

- (1) Why is the regulation necessary and what is its purpose?

*This regulation is required per the National Association of Insurance Commissioners (NAIC) Financial Accreditation Standards Part A requirements for Laws and Regulations Standards and is necessary to address the Business Transacted with Producer Controlled Property/Casualty Insurers Act (Model #325). In 2011, the NAIC adopted additional Part A standards for risk retention groups (RRGs) which requires that all states have a regulatory framework similar to the Model.*

*This is an existing regulation that requires amending to bring it into compliance with the revised NAIC model acts. Nevada had adopted Model language in 1996 but has not amended the language to address the changes in the Model, nor adopted the changes to the Producer licensing references that were adopted in 2001 and 2003.*

- (2) What are the terms or substance of the proposed regulation?

*The NAIC Financial Accreditation Standards requires this regulation to be in place for Nevada to maintain its Accreditation status. The revisions / amendments are essential to maintain the Accreditation status of Nevada and to ensure that any insurers that are controlled by producers are in compliance with the required regulatory framework that is outlined in the Model.*

*As this is an existing regulation, there are no issues or problems involved.*

- (3) What is the anticipated impact of the regulation on the problem(s)?  
*As this is an existing regulation, there are no issues or problems involved, thus no anticipated impact of the regulation.*
- (4) Do other regulations address the same problem(s)?  
*This is an existing regulation; no other regulations address this issue.*
- (5) Are alternate forms of regulation sufficient to address the problem(s)?  
*As this is an existing regulation, the only alternative form of regulatory authority available to the Division would be an administrative bulletin. The administrative bulletin would not carry the same regulatory authority as the regulation.*
- (6) What value does the regulation have to the public?  
*This is an existing regulation that aids the Division in ensuring that all of the insurance companies that are operating in the state of Nevada and who are controlled by Producers will be in compliance with the regulatory framework that is outlined in the Model.*
- (7) What is the anticipated economic benefit of the regulation?  
*As this is an existing regulation, there is no change to the impact of the regulation on the following.*
- a. Public
    - 1. Immediate: *Regulation assists the Division in maintaining the compliance of any Producer controlled insurance companies that operate in the state of Nevada.*
    - 2. Long Term: *Regulation assists the Division in maintaining the compliance of any Producer controlled insurance companies that operate in the state of Nevada.*
  - b. Insurance Business
    - 1. Immediate: *Regulation assists the Division in maintaining the compliance of any Producer controlled insurance companies that operate in the state of Nevada.*
    - 2. Long Term: *Regulation assists the Division in maintaining the compliance of any Producer controlled insurance companies that operate in the state of Nevada.*
  - c. Small Businesses
    - 1. Immediate: *Regulation assists the Division in maintaining the compliance of any Producer controlled insurance companies that operate in the state of Nevada.*
    - 2. Long Term: *Regulation assists the Division in maintaining the compliance of any Producer controlled insurance companies that operate in the state of Nevada.*
  - d. Small Communities
    - 1. Immediate: *Regulation assists the Division in maintaining the compliance of any Producer controlled insurance companies that operate in the state of Nevada.*
    - 2. Long Term: *Regulation assists the Division in maintaining the compliance of any Producer controlled insurance companies that operate in the state of Nevada.*

- e. Government Entities
  - 1. Immediate: *Regulation assists the Division in maintaining the compliance of any Producer controlled insurance companies that operate in the state of Nevada.*
  - 2. Long Term: *Regulation assists the Division in maintaining the compliance of any Producer controlled insurance companies that operate in the state of Nevada.*

(8) What is the anticipated adverse impact, if any?

- a. Public
  - 1. Immediate: *No adverse impact created by amending the regulation.*
  - 2. Long Term: *No adverse impact created by amending the regulation.*
- b. Insurance Business
  - 1. Immediate: *No adverse impact created by amending the regulation.*
  - 2. Long Term: *No adverse impact created by amending the regulation.*
- c. Small Businesses
  - 1. Immediate: *No adverse impact created by amending the regulation.*
  - 2. Long Term: *No adverse impact created by amending the regulation.*
- d. Small Communities
  - 1. Immediate: *No adverse impact created by amending the regulation.*
  - 2. Long Term: *No adverse impact created by amending the regulation.*
- e. Government Entities
  - 1. Immediate: *No adverse impact created by amending the regulation.*
  - 2. Long Term: *No adverse impact created by amending the regulation.*

(9) What is the anticipated cost of the regulation, both direct and indirect?

- a. Enactment: *No additional Cost anticipated. This is an existing regulation.*
- b. Enforcement: *No additional Cost anticipated. This is an existing regulation.*
- c. Compliance: *No additional Cost anticipated. This is an existing regulation.*

(10) Does the regulation establish a new fee or increase an existing fee?

*This is an existing regulation and there are no fees associated with this regulation.*

(11) Provide a statement which identifies the methods used by the agency in determining the impact of the proposed regulation on a small business, prepared pursuant to subsection 3 of NRS 233B.0608.

*No adverse impact on small businesses.*

(12) Provide a description of any regulations of other state or local governmental agencies which the proposed regulation overlaps or duplicates, and a statement explaining why the duplication or overlapping is necessary. If the regulation overlaps or duplicates a federal regulation, state the name of the regulating federal agency.

*There are no other regulations in the state that overlap or duplicate the proposed amendments to the existing regulation.*

(13) If the regulation is required pursuant to federal law, provide a citation and description of the federal law.

*The requirements of the NAIC Financial Accreditation Standards outline the requirements for all accredited states to have the authority to set regulatory framework or standards which the Commissioner of Insurance may use for the compliance of Producer controlled insurance companies.*

*It is not a federal law.*

(14) If the regulation includes provisions which are more stringent than a federal regulation that regulates the same activity, provide a summary of such provisions.

*There are no federal regulations that address the requirements in this proposed amendment to the existing regulation.*

Persons wishing to comment upon the proposed action of the Division may appear at the scheduled public hearing or may address their comments, data, views or arguments, in written form, to the Division, 1818 East College Parkway, Suite 103, Carson City, Nevada 89706. **Written submissions must be received by the Division on or before October 13, 2015.** If no person who is directly affected by the proposed action appears to request time to make an oral presentation, the Division may proceed immediately to act upon any written submissions.

A copy of this notice and the regulation will be on file at the State Library, 100 Stewart Street, Carson City, Nevada, for inspection by members of the public during business hours. Additional copies of the notice and the regulation will be available at the offices of the Division, 1818 East College Parkway, Suite 103, Carson City, Nevada 89706, and 2501 East Sahara Avenue, Suite 302, Las Vegas, Nevada 89104, and in all counties in which an office of the agency is not maintained, at the main public library, for inspection and copying by members of the public during business hours. This notice and the text of the proposed regulation are also available in the State of Nevada Register of Administrative Regulations, which is prepared and published monthly by the Legislative Counsel Bureau pursuant to NRS 233B.0653, and on the Internet at <http://leg.state.nv.us/register/>. Copies of this notice and the proposed regulation will be mailed to members of the public upon request. A reasonable fee may be charged for copies if it is deemed necessary. This does not apply to a public body subject to the Open Meeting Law.

Upon adoption of any regulation, the agency, if requested to do so by an interested person, either before adoption or within 30 days thereafter, shall issue a concise statement of the principal reasons for and against its adoption, and incorporate therein its reason for overruling the consideration urged against its adoption.

Notice of the hearing was provided via electronic means to all persons on the agency's e-mail list for administrative regulation noticing, and this Notice of Intent to Act Upon Regulation was posted to the agency's Internet Web site at <http://doi.nv.gov/> and was provided to or posted at the following locations:

Department of Business and Industry  
Division of Insurance  
1818 East College Parkway, Suite 103  
Carson City, Nevada 89706

Legislative Building  
401 South Carson Street  
Carson City, Nevada 89701

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Las Vegas, NV 89104

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Elko, Nevada 89801

Eureka Branch Library  
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Eureka, Nevada 89316

Lander County Library  
P.O. Box 141  
Battle Mountain, Nevada 89820

Lyon County Library  
20 Nevin Way  
Yerington, Nevada 89447

Pershing County Library  
P.O. Box 781  
Lovelock, Nevada 89419

Department of Business and Industry  
Division of Insurance  
2501 East Sahara Avenue, Suite 302  
Las Vegas, Nevada 89104

Grant Sawyer Building  
555 East Washington Avenue  
Las Vegas, Nevada 89101

Capitol Building Main Floor  
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Winnemucca, Nevada 89445

Lincoln County Library  
P.O. Box 330  
Pioche, Nevada 89043-0330

Mineral County Public Library  
P.O. Box 1390  
Hawthorne, Nevada 89415

Storey County Clerk  
P.O. Drawer D  
Virginia City, Nevada 89440



